

## **Preside or Lead?**

The Attributes and Actions of Effective Regulators

# **29. Separating Policy Mandates from Cost Consequences: Will the Public Lose Trust?**



A law student asked me to explain “what utility regulators do” in one sentence. Here was my response:

Regulators establish standards for performance, tie compensation to performance, then design market structures (and rates, for monopoly structures) that both produce the compensation and cause consumers to consume efficiently.

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